The MANAGEMENT REVIEW

Volume XXV, No. 2

FEBRUARY, 1936

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Published Monthly by the

AMERICAN MANAGEMENT ASSOCIATION

20 Vesey Street

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New York, N. Y.

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THE MANAGEMENT REVIEW is published monthly by the American Management Association at Vesey Street, New York, N. Y., at fifty cents per copy or five dollars per year. Vol. XXV, No. February, 1936. Entered as second class matter March 26, 1925, at the Post Office at New Yor N. Y., under the Act of March 3, 1879. New York No.

The MANAGEMENT REVIEW

FEBRUARY, 1936

Progress and Trends in Management*

By M. C. RORTY

President, American Management Association

THE year 1935 has been characterized in the United States by continuing efforts of business and industrial management to adjust itself not only to the conditions of the depression, but even more particularly to a great variety of new legislative requirements. These latter adjustments have been complicated by uncertainty as to the constitutional validity of much of the new legislation, as well as by definite decisions of the Supreme Court, already rendered, which have nullified certain important items of the legislative enactments.

As the result of this continuing pressure and uncertainty, the year ended with business and industry united, perhaps more completely than ever before, in the advocacy of a definite economic and legislative program. The elements of this program have been set forth in various forms, but the essentials are:

- The continuation of a constitutional government of checks and balances and decentralized powers.
- 2. The restriction of governmental activities to those clearly incapable of handling under properly regulated private initiative—and the elimination of governmental competition with private enterprise.
 - 3. The maintenance of a currency with a fixed gold redemption value.

^{*} Reprinted from the January 6, 1936, number of Borron's, The National Financial Weekly.

I wish to express appreciation to the following persons for their aid in preparing this article: Sam A. Lewisohn, Vice President and Treasurer, Miami Copper Co.; Dr. Paul T. Cherington, Cherington, Roper & Wood; Dr. Paul H. Nystrom, Professor of Marketing, School of Business, Columbia University; Q. Forrest Walker, Economist, R. H. Macy & Co., Inc.; L. C. Morrow, Editor, Factory Management and Maintenance; Eugene F. Hartley, Manager, Business Service Department, International Business Machines Corporation; Harold C. Pennicke, Associate, W. H. Leffingwell, Inc.—The Author.

The Current Comment in this issue was abstracted from the author's November, 1935, address before the Academy of Political Science, and was especially signed for *The Management Review* by Mr. Douglas.

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

4. The concentration of governmental efforts upon measures designed to further business and industrial recovery, and the discontinuance of further governmental experimentation.

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5. The establishment of relief measures on a non-partisan and decentralized basis, under local direction and control, and with a minimum of contribu-

tions from the Federal government.

6. An early balancing of the budget, and an end to further increases in public debt.

Forms of Business and Industrial Organization

In spite of the preoccupation of business and industry during the year with the special problems arising out of new legislation, the recent upward trend in activities has brought renewed attention to questions of internal organization and organization technique. Progress in this field is, however, necessarily slow and by small steps.

During the period of declining business, close attention was given to problems of the reduction of overhead expenses. Much of this overhead was found to exist in rigid, overcentralized, and over functionalized organization, rather than in excessive capital charges. The influence of the depression has, therefore, been to develop a greater flexibility in organization forms and in the adjustment of personnel to variations in activity. The influence of these changes will probably persist in substantial measure, and will contribute to a greater future stability of earning power.

With the improvement in general activity which has become increasingly evident during the past six months, emphasis has shifted to the major problems of centralized versus decentralized authority and control in the larger organizations. On superficial view, the trend in this respect has been confused. Certain organizations appear to be moving toward centralization, while the trend in other cases seems to be toward decentralization. On closer analysis, the movement is, however, rather clearly toward a compromise position. More exact and detailed budget controls, a closer adjustment of production to sales programs, and more definitely determined general policies, are being combined with greater executive authority and discretion in individual operating units.

Industrial Relations

In the field of industrial relations, the situation during the early part of the year was dominated by the collective bargaining requirements of the NRA. During recent months new conditions have developed as the result of the invalidation of the NRA by Supreme Court decision and the subsequent passage of the National Labor Relations Act, and the Guffey Coal Act, both of which are now under attack in the courts and appear, in whole or in part, to be subject to serious question as to constitutionality.

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As the net result of these various influences, there has been a substantial increase in industrial disputes, accompanied, however, by an even more marked development in employee representation plans and other forms of cooperative employer-employee relations. Many of these moves have been purely defensive measures against the threat of "closed shop" unionization under the new legislation. But the more significant trend has been toward genuinely effective cooperation for increased efficiency of production, accompanied by a parallel movement for the payment of a liberal "cooperative wage" as an equitable sharing of the results of such increased output.

This struggle of the national unions for increased membership and power, against the efforts of employers to develop direct cooperation with their employees, marks, very possibly, the culmination of the conflict between two opposing theories of industrial relations. The outcome lies still in the future, but the basic issues have, on the whole, become much more sharply defined during the past twelve months, although a new element of confusion has recently arisen through conflicts within the American Federation of Labor between the advocates of craft and vertical unions.

A significant collateral result from the widespread stand of industry against labor monopolies has been an increasing recognition, within business and industrial circles, of the incompatibility of such stand with programs for arbitrary price fixing. For this and other reasons, the trend in industry has been increasingly against measures of price fixing and control, except to the extent necessary to minimize the dangers of destructive price wars.

As a separate result of recent legislation, the Social Security Act has raised a sharp issue. Serious doubts as to the financial practicability of this program, combined with fears of political abuses in administration, have aligned many even of the more progressive employers against the specific provisions of the present legislation. Sympathy with the general purposes of the Act has grown simultaneously with opposition to its terms. The immediate pressure will undoubtedly be for repeal of the present program. Here, again, the outcome is doubtful, with the possibility of adverse Supreme Court decisions forming a large element in the picture.

A further special industrial problem has developed during recent months through an apparent shortage of skilled workmen. Apprentice courses have lapsed during the depression; industrial processes have changed; many of the former skilled workmen have drifted into new occupations which they are unwilling to abandon; and even those who can be located and are willing to return to their former jobs have lost a considerable measure of their former aptitude, and require systematic retraining.

Systems of wage incentives have, finally, been subject to important changes. The opposition of workmen to complicated bonus plans, combined with the introduction of series production systems and individual machines operating at a fixed pace, have led to a substantial reintroduction of day wage

schedules. In addition, the tendency has been to simplify bonus and piece work plans.

Production Methods and Equipment

The outstanding feature of the year, in the field of production methods and equipment, was the Machine Tool Exposition held at Cleveland in September.

During the years of the present depression and of drastically restricted sales of industrial equipment, it has been the avowed purpose of designers to effect such improvements in machine tools as would compel a substantial reequipment of industrial plants with any upturn in general activity. The showing at the recent exposition seems very largely to have realized this purpose, and the results are already evidenced in an output of machine tools which is well above the 15-year average, 1920-35.

In general, the new tool designs have been characterized by the increased power and rigidity necessary to meet requirements for higher production and

greater accuracy of output-a continuation of previous trends.

The more significant recent changes have been in the direction of relieving the operator not only of the heavier manual operations involved in the control of the machine, but also of a multiplicity of non-laborious, but time consuming, movements. Some of the more advanced designs utilize hydraulic power for the heavier operations. In other cases, complete control of the machining is centered in a control panel equipped with signal lights to indicate the progress of the work, and with push buttons and switches for successive shifts in the machining operation. Such equipment carries with it an automatic insurance of safety to the operator.

Further important developments involve the equipping of each machine with its own built-in set of gauges for more accurate and speedy tool setting. Similar developments have been growing in application to final inspection operations, where special automatic devices are increasingly being utilized to check the finish, hardness, and accuracy of machining of the completed

product.

From the operating side, the new problem of the year, as previously indicated, has been that of establishing training and retraining courses for the added skilled workers required for expanding production. The necessity for such courses is added evidence of the fact that, contrary to earlier expectations, the development of highly specialized machines and production methods is increasing rather than decreasing the demand for skilled workmen. Physical demands upon the worker are decreasing, but there is an increasing need for skilled intelligence to assure the continued proper operation of the modern, powerful, accurate and costly machine.

With this refinement of machine operations has come the parallel trend, previously mentioned, toward the substitution of day wages for other plans

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of compensation. The time required from the operator for supplying and setting material in place is constantly being reduced. Cutting speeds and depths of cuts are being worked out experimentally and, when determined, are, to an increasing extent, automatically controlled. The machine is thus more and more completely setting its own normal speed of production, without strain on the operator, and subject only to his skilled attendance.

A specially interesting repercussion from this transfer of effort from the worker to the machine, has been the development of accurate methods of cost estimating, which are largely independent of human pace-making and are based primarily on the machine operations involved, and the normal speeds with which such operations can be performed.

From the standpoint of continued activity in the machine tool and related industries, one of the most significant factors in recent months has been the general discovery of the extent to which deferred maintenance expenditures have resulted in idle machinery being stripped of parts and auxiliary equipment to maintain the operation of the going plant. It seems clear, that, for some time to come, demands for replacement parts and equipment will substantially outrun the rate of increase in current output.

Office Methods and Equipment

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The demand for office equipment is subject to less violent fluctuations than the demand for machine tools. For this reason, progress in the development of such equipment, while equally significant over long periods, is more uniform from year to year than in the case of the heavier industrial appliances.

Developments in office equipment during the past year, in addition to continued refinements in details, have, nevertheless, included certain novel combinations of existing devices. Computing machines have been combined with auxiliary cross tabulating equipment for use in bank clearing house operations. Billing machines have been equipped with automatic devices for the typing of names and addresses. And there has also been an extended use of photographic processes for the quick and accurate duplication of records.

On the whole, however, progress in office methods and management has been marked mainly by a continuation of previous rends toward the more extensive and effective use of existing types of mechanical equipment,

Closely related to this growing use of special equipment has come, as perhaps the most significant development of the year, a realization of the importance of planning the clerical work of an organization as a whole. The full economies which may be effected through the use of special equipment, it has been found, can rarely be brought about without a closer planning and coordination of inter-departmental clerical work and records, than usual.

Marketing

In the field of marketing and marketing methods, the outstanding move-

ment of the year has been toward a sharpening and clarification of the conflict between those systems of distribution which involve the use of middlemen and those which do not. On the one side are lined up the chain stores, the large specialty shops and department stores, and the mail order houses, which buy directly from manufacturers and other producers, or control their own production. On the other side are ranged the wholesalers and the individual retailers and voluntary chain groups which they serve. And still a third grouping is represented by certain manufacturers who, individually or in cooperation with others, are attempting to maintain their outlets through special agency agreements with selected retailers.

The issue of this already long-continued struggle is still undecided, and the trend of developments is difficult to forecast. The battle has, however, moved to a substantial extent into the political arena, through efforts to extend and increase the taxes on chain stores. There is also vigorous controversy over discounts for quantity and other allowances granted to large distributors by P

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manufacturers, particularly in food lines.

A related struggle, which has been active during the year, involves efforts to legalize resale price maintenance through action by state legislatures. Such legislation has been enacted by several states and is now under test in the courts. As against this opposition, it is expected that a special effort will be made, during the coming year, to secure favorable Federal legislation.

Detailed progress in marketing methods has involved a rather general revival of training courses for marketing personnel. Through the use of talking moving pictures, and more intensive and practical analyses of the selling problems involved, these courses appear to have attained new levels of effectiveness. Growing attention has also been paid to programs of consumer research—to first hand determinations of consumers' requirements in price, quality and style. And, finally, a beginning has been made in the substitution of more exact pricing methods for the conventional systems of "mark-ups," which have operated in some instances to throttle demand through excessive prices, and in others to permit continuing losses through failure to recognize true costs of production, handling and distribution.

On the consumers' side, rising price levels and increased public discussion of consumers' problems have led not only to increased activity on the part of consumers' cooperatives, but also to a rapid expansion of efforts to educate consumers in effective buying practices. In this latter field the Women's Clubs and branches of the American Home Economics Association have been specially active.

International Conferences

International conferences during 1935, on problems of management and industrial relations, included the Sixth International Congress for Scientific Management held in London in July, the Sixth Annual Congress on Commer-

cial Education held at Prague in September, and the International Labor Conference held in June, at Geneva, under the auspices of the League of Nations.

The first two of these conferences concerned themselves primarily with questions of internal management technique. The International Labor Conference, on the other hand, was devoted largely to a discussion of reduced working hours, and finally, after lengthy debate, outvoted the representatives of employing interests by adopting resolutions in favor of the 40-hour week.

Prospects for 1936

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and tific nerThe past year has very clearly been one in which management has made substantial progress toward a clarification of its thinking in relation to the manifold problems arising out of the depression and the accompanying mass of legislation which the depression has brought forth. Furthermore, with accumulating evidence that the processes of recovery were under way, in spite of all handicaps and obstructions, this thinking has turned increasingly to problems of constructive performance for the future.

There must, of course, be no minimizing of the difficulties which still lie ahead. But the hopeful and significant feature of the situation is the quality of the business and industrial leadership which the stress of the past five years has brought forth. Many of these leaders are little known to the public. But they are representative of the best elements in management—of that group of progressive realists in business and industry, whose only request is that they be given a fair chance to get the day's work done and that progress be genuine and practical.

Advances in management and in national recovery during 1936 may be measured very largely by the attention given, in the national councils, to the voice of these progressive leaders.

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Malcolm Churchill Rorty

The foregoing article is among the last of the writings of Colonel Rorty, whose passing away on January 18 was mourned by this Association and by his numerous friends everywhere in the world of business and economics. Colonel Rorty was stricken with a heart attack at noon while at his desk at AMA headquarters in New York City, and died at seven o'clock that evening at Broad Street Hospital.

The readers of *The Management Review*—representative of the group to whom Colonel Rorty was always most interested in addressing his thoughts—will note that this article is quite in character with those that have gone before, notably because of the evidence it gives of mature thinking and because of its remarkable thoroughness.

Colonel Rorty was president of the American Management Association from May, 1934, until his death. During that time the Association formed his principal interest and was the chief outlet for his boundless and zestful energy. His generous efforts on behalf of the AMA played no small part in its successful emergence from what was the most difficult period in its history.

His last years, given in service toward the consummation of an ideal, present no anomaly in his life-pattern, for his life had two purposes—to serve and to build—and measured by the accomplishment of these objectives, he lived well.

He was born in Paterson, New Jersey, in 1875, and was graduated from Walkill Academy, Middletown, New York, in 1892. In 1896 he was graduated from Cornell University with degrees in mechanical and electrical engineering. He was employed by the J. G. White Company and the New York Telephone Company until 1899. He served as engineer and traffic engineer with the American Bell Telephone Company from 1899 to 1903, leaving to join the Central District Telephone Company, Pittsburgh, where he was general superintendent of traffic from 1903 to 1910.

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mane Met Mur From 1910 to 1913 he was commercial engineer with the American Telephone and Telegraph Company, and then was assistant vice-president of the Western Union Telegraph Company from 1913 to 1914. He was again with the American Telephone and Telegraph Company as special agent until 1917, and was chief statistician from 1919 until 1921. He became vice-president of the Bell Telephone Securities Company in 1921, serving until 1922 when he became an assistant vice-president of the American Telephone and Telegraph Company where he remained until 1923. From 1923 until 1927 he was president of the International Telephone Securities Corporation, and he was also at this time vice-president of the International Telephone and Telegraph Corporation.

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He was vice-president of the American Founders' Corporation from 1930 to 1931, and from 1922 to 1923 he was president of the National Bureau of Economic Research. He was also former president of the American Statistical Association, and a member of the Society for the Promotion of Engineering Education, the American Institute of Electrical Engineers, and the American Economic Association. He was a corresponding member of the faculty of economic sciences of the University of Buenos Aires.

Although he was an electrical and mechanical engineer by training, Colonel Rorty was best known as an economist and statistician. As an economist he ranked with the country's best, and the sound views that he promulgated received endorsement everywhere—as often from the very liberal as from the conservative groups.

His writings were numerous. He was a frequent contributor to the most highly accredited business periodicals, the author of a book entitled "Some Problems in Current Economics," published in 1922, and joint author of "Bolshevism, Fascism and Capitalism—An Account of the Three Economic Systems," published in 1932.

During the War he served as a lieutenant colonel with the Ordnance Department and General Staff, and participated in the Meuse-Argonne offensive. He was also attached to the Interallied Munitions Council.

ALVIN E. DODD.

Current Comment

THE PLANNING OF TAXATION, CURRENCY, AND FINANCE

TAXATION, finance, and currency are as related one to another as the facets of a crystal, and have federal budgetary policy as their axis. A government that undertakes a program of lavish spending must ultimately operate at a deficit, or impose heavy taxes. If the first course is taken, the government reaches a point where it can no longer borrow. It then manufactures fiat money. Or if it does not print the money itself, it may sell its obligations to the central bank which in turn prints the currency. Thus the budget policy under these circumstances leads directly into a currency problem.

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Or there is another course for the government to pursue—to force its obligations on commercial banks in consideration for a bank deposit. This obviously leads directly into the field of finance, not only because it is itself finance, but also because, among other things, it lays the foundation for a credit inflation which either must be checked before it gets away, or, if not checked, runs its course into another severe deflation, shrinkage of values, unemployment, recurrence or continuation of government deficits, a banking crisis, and probably

socialization of the banking system.

Let us look at the hazards of a continuously unbalanced federal budget. When a government continues to spend more than its revenues, it eventually becomes bankrupt. This is exactly what happens to an individual who pursues the same course. But there are a few far-reaching differences. When an individual becomes bankrupt, his property is attached and taken away from him by his creditors. He, his family, his employees, and, if he has any, his stockholders, or rather the stockholders of his corporation, are the exclusive sufferers. When, however, a government becomes bankrupt the situation is somewhat different. It does not file a petition in bankruptcy. It does not in so many terms announce to the world that it is bankrupt. It does something quite different. For while it has, just as has an individual, the power to expend and appropriate money, it also has the power to manufacture money. Consequently when a government reaches the point where it can no longer borrow, it exercises the second of its two powers—the power to manufacture money. The use of this power makes money buy less, or, stated in different terms, causes prices to rise. Constantly rising prices bear with wicked violence on the laborer and middle class. Sometimes the suffering on the part of these classes is so great that profound social and economic changes take place.

This is not a mere theoretical statement. It is borne out in numerous instances in the history of mankind.

At the inception of almost every such period, except the war periods, the argument for deficits—fiat currency—have been almost identical: just a little inflation to raise prices just a little, to relieve the debtor, or to relieve suffering or unemployment. These are the advantages claimed. Yet experience has demonstrated that the arguments are invalid, that the forces created gave the movement such momentum that in the course of time the action taken increased the

disease for which the medicine was prescribed.

The process of meeting deficits has been varied. At first, paper was issued directly by governments. Then governments sold their obligations to central banks which in turn emitted the money. And now a new mechanism has been devised. Through control and intimidation of the banking system, and because of other governmentally created factors, government obligations are sold to commercial banks. In most instances, no cash is paid. The government merely receives a deposit against which it draws its check. This circulates in payment of the government's bills and comes back into the same or different bank to give the appearance of greater bank deposits. This process is as inflationary as the emission of paper money, but it differs in that it leads directly to a credit inflation rather than directly to a currency inflation.

In view of the experience of nations, including our own, it seems to me that governments should plan, and with a very grim determination cling, to a budget in which expenditures are actually—not by flat or legerdemain or deceit, but

actually—in balance with receipts.

This can be done by imposing taxes. Taxes are bad, but if there is to be a balanced budget, they are necessary, and if all taxes were eliminated, there could be no government for government costs money. Clearly there must be governments and clearly there must be taxes to pay the costs of those governments. Taxes are paid out of production. They are not just pulled out of a magician's hat by the waving of a wand and the mumbling of a few mystic,

unintelligible words.

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A balanced budget is a desirable thing, for it is the heart of the internal currency problem. And a budget balanced by holding down expenditures and thus requiring lower taxes likewise seems desirable, for it increases both employing and consuming power. The base of taxation should be so broad that there are as many taxpayers—paying directly with the full knowledge that they are paying —as there are beneficiaries of government expenditures, so that the force of one would check the other. Otherwise it may well be that deficits will continue until we are plunged into the chasm of devastating inflation. For there is deeprooted in most of us the romantic illusion that nothing really bad can happen to us.

If by chance a budget is temporarily out of balance, then the deficit should be financed by selling obligations to individuals who purchase them out of savings. Moreover, governments should be as meticulous about not supporting their own obligations in the market as the government requires the individual to be. Otherwise a government, even though a democracy in form, is merely reasserting the doctrine of the divine right of kings—The King can do no wrong.

LEWIS W. DOUGLAS.

THE MANAGEMENT INDEX* Abstracts and News Items

GENERAL MANAGEMENT

Business Situation Summarized

For the year 1935, industrial production was about 14 per cent higher than in 1934 and the largest since 1930. Expansion in the durable goods industries was a major factor in this increase. The value of retail sales was well above the 1934 total. with articles in the luxury or semiluxury classification assuming more importance in relation to the total volume. An outstanding development of the year was the initiation of a revival in the construction industry. The relative increase in imports was considerably in excess of the export gain. The expansion in industrial activity was accompanied by a further rise in profits of leading corporations, an influence in the rise of stock prices. Survey of Current Business, January, 1936, p. 3:1.

Trained Personnel for Public Service

The author at the outset points out that frequently there is confusion between administrative responsibilities and those of a policy-forming nature. While determination of policy should be placed in the hands of those officers who change after an election, competent administration, it is pointed out, demands continuity of service carried on by able, well-trained employees who know what steps to take to translate those policies into action.

The growth and present set-up of public employment services are described and criticized; the present extent of the merit system—personnel agencies and standards for selecting employees, supervision, removals, and retirement, etc.—are discussed and finally, opportunities for action and improvement in public service training are suggested. By Katherine A. Frederic. *The National League of Women Voters*, 1935. 54 pages.

Foreign Investment and War

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Do foreign investments lead to war? Do the activities of international bankers ultimately determine public policy, or is it, perhaps, more frequently true that public policy determines the flow of investment? This pamphlet gives a statement of the issues and a summary of the conclusions which are "fully documented and elaborated" in an underlying study, War and the Private Investor.

Mr. Staley makes this statement: "... where private foreign investments have been involved in serious political trouble between strong powers they have more often than not been involved as tools or instruments of diplomatic action rather than as its direct instigators." After speaking of hidden links of investment and diplomacy, and investments and international conflict, he suggests concrete measures to be taken in a program for the denationalization and mondial supervision of international investments.

Among the things which he advocates are a world investment commission, a world commercial court with direct access for private parties, international incorporation

^{*} For publishers' addresses or information regarding articles or books, apply to AMA headquarters.

of economic enterprises which contemplate the establishment of relatively permanent interests in several different countries, a world investment bank, a world consular service, international control of interventions, and official study of world investment problems. By Eugene Staley. Public Policy Pamphlet No. 18, The University of Chicago Press, 1935. 23 pages.

Social Security Should Boost Business Equipment

It is pointed out that in addition to the universal demand to reduce overhead by mechanization of office practice, there is a new urge to reduce personnel to escape the tax burden of the Social Security Act which becomes effective, in part, this year. The new law also creates an enlarged demand for record keeping and personnel data, which will favor manufacturers of office equipment.

The outlook for foreign sales is also said to be good. There follows a discussion of the opportunities for profitable investment in the field. By Munroe Marshall, Jr. The Magasine of Wall Street, January 18, 1936, p. 386:3.

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Inflation? Deflation? How to Profit from Either

The author outlines a six-point compass for steering the business ship safely through the present thick weather: 1. Provide hedges against inventory-price fluctuations. 2. Spend normally for fixed assets. 3. Modernize production methods. 4. Go after sales—at a profit. 5. Overhaul employeerelations policies. 6 Keep a sharp eye on operations. By C. Oliver Wellington. Forbes, January 15, 1936, p. 15:2.

Our American Railroads—Today and Tomorrow

The president of the Delaware and Hudson Railroad Corporation gives a detailed history of the railroad, covering the roadbed and tracks, the steam engine, the steam locomotive, measured power of the locomotive, recent changes in the locomotive, freight and passenger cars, growth of American railroads and of the business handled, automobile and airplane, and subsidies by the Government.

He then deals with the present plight of the railroads and suggested remedies. He advocates neither consolidation of the railways nor Government ownership. After listing the various forms of restrictive control imposed upon the railroads by the Government, he states that "with accorded justice, the railway industry can survive in private ownership and render adequate and increasing service." Address of Mr. L. F. Loree before the Institute of Arts and Sciences, Columbia University, October 30, 1935. 21 pages.

Natural Business Year

In this article are set forth the following advantages of using, instead of the calendar year, the Natural Business Year, or that period of consecutive 12 months which coincides with the annual cycle of operations of an industry or enterprise.

 Inventorics will be at the lowest of the year and can be listed with greater ease and accuracy and without the interruption of productive activities.

The time to prepare budgets and to plan operations and sales expansion for the future is at the end of a complete business cycle and before raw materials have been replenished.

 Closing the books for the year can be accomplished with more care, and the financial statements will be far more informative than those which reveal conditions as of the midst of a period of more activity.

4. A tendency to stabilize employment by minimizing the need for extra help may give a company credit under the Federal Social Security Act.

 Credit departments of financial institutions, credit investigation and reporting agencies, and public accountants could spread the work throughout the year, instead of being rushed at the end of December.

Failure of more firms to use the Natural

Business Year is attributed to the lack of knowledge of its benefits, and a fallacious belief by some that Federal and state tax laws require reports based on the calendar year. By George J. Lehman. The Clevelander, January, 1936, p. 4:1.

FINANCIAL MANAGEMENT

Tax Burdens and Public Debt

It is here pointed out that tax collections for 1934, estimated at \$9.5 billions, represent a smaller total than that for 1929 or 1930, but a substantial increase in tax burden, as the rates of many taxes have been increased and business and individual incomes are at a much lower level than that regarded as normal.

For the period 1932 to 1934 the ratio of tax collections to national income is said to have averaged about 20 per cent; in the years prior to the depression it was between 10 per cent and 12 per cent. In interpreting this ratio, it is said that, "Other things being equal, a low ratio indicates a moderate amount of socialization, and a high ratio a high degree of socialized activity." And it is also pointed out that the fact that the ratio of taxation to income increased with lowered income, does not necessarily mean that it will decrease proportionately with a rising level of income.

There follows a comparison of the ratio of taxation to national income in the United States with that in France, Great Britain and Germany; a discussion of the maximum ratio the United States could bear under the present system, and a few remarks about the Townsend Plan.

In regard to the public debt, a comparison is made with this country and Great Britain, and there is a discussion of the tremendous variation in public debt between communities in the United States.

An elaboration of the statements in the following quotation is given: "It is not the amount of debt that makes the [federal debt] problem a serious one, although a gross debt of almost \$30 billion is admittedly large. There are two serious phases of the problem: (1) there is no certainty as to when the upward trend will be ar-

rested and (2) the banking system has been and is now the principal outlet for federal debt issues."

The inflationary effects of our deficit financing, and the basic difference between bank-credit expansion and non-interest-bearing currency issues receive attention. A discussion of contingent debt obligations not included in the gross federal debt of \$30 billion brings the report to a conclusion. By Lewis H. Kimmel. Conference Board Information Service: Domestic Affairs Series, Memorandum No. 45. National Industrial Conference Board, Inc., December 6, 1935. 14 pages.

The American Discount Market

The purpose of this study is to explain, within limited space, the organization of the discount market, the services it renders in the financing of domestic and international trade, the opportunities it offers for short-term investment, and the part it plays in the mechanism of commercial credit. By Homer P. Balabanis. The University of Chicago Press, 1935. 101 pages.

Time Deposits and Price Stability, 1922-1928

It is stated that: The failure of commodity prices in the United States to rise during the 1920's as a result of enormous imports of gold has been commonly attributed to the activity of the federal reserve system in sterilizing this gold. But such an explanation hardly fits the facts of large increases in the reserve balances and earning assets of member banks in this period. Although earning assets are not spendable deposits, their expansion by member banks gives rise to new spendable deposits. A large proportion of these new deposits,

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par at tha however, instead of being spent on commodities became sterilized in time deposits. This growth in time deposits was in part the result of banks' investing in bonds, secured loans, and real estate loans instead of the more orthodox loans. The existence of such a reservoir into and out of which large sums of spendable funds may be moved at the will of the public creates certain difficulties for the central banking authorities who would control the price level. By Lawrence W. Towle. The American Economic Review, December, 1935, p. 653:8.

When Men Grow Obsolete

Accounting practices and tax laws recognize that machinery wears out—but what is to be done about the decreasing efficiency of the bodies and brains of men who operate the machinery? The author points out that the end of the income producing life brings the same problem as the wearing out or destruction of machinery or other physical property, and asks how that income will be replaced. His answer is life insurance. By Thomas Watters, Jr. Nation's Business, January, 1936, p. 40:4.

The Revenue Act of 1935

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This article discusses the origin and progress of the Revenue Act of 1935, the terms of the Act, wherein the terms differ from the President's original suggestions, 1934 and 1935 taxes in comparison with British taxes, the opposition to the Act.

The authors conclude with comments on the 1935 Act, stating that it "will prove to be very important if time shows that it marks a distinct turning point in the use of taxation for the decentralization of wealth and of business organizations, for 'social' purposes as opposed to 'fiscal' purposes."

They finally ask, "Are we going in the right direction, and if so, are we going too slowly or too fast? The writers fear that our people as a whole are not as yet prepared to cooperate sufficiently to advance at the speed which the President indicates that he desires; they hope their fears are

unjustified." By Roy G. Blakey and Gladys C. Blakey. The American Economic Review, December, 1935, p. 673:18.

Does Credit Analysis Pay?

The author understands the attitude of credit executives who refused to analyze their credits because of the cumbersome and time-consuming methods generally in use up to 1933, but states that there is no necessity for a cumbersome or involved method of credit analysis.

He outlines here a "simple procedure, inexpensive and practical and profitable to those who will use it." By Eugene S. Benjamin. The Bankers Magazine, January, 1936, p. 5:3.

The Place of Personal Income Taxes in a Modern Fiscal System

The decline of the relative importance of the personal income tax in the country's total tax program is a challenge, the author says, to those interested in a modern and democratic tax system in the United States, since income is the best approximation of ability to pay, and the personal income tax stays where it is put and can be shaped to the interest of definite economic objectives.

The following plan is suggested for overcoming the administrative difficulties (which are enumerated in the article) of shifting revenues from other taxes to the income tax and making our tax system more nearly like the British in form and administration:

- The function of administering the income tax should be vested exclusively in the Federal Government. The yield of the tax should be shared with the states and localities.
- 2. A more decentralized system of income tax administration should be adopted by the Federal Government. Field forces should be enlarged, and the quality of the administrative staff improved through standard personnel methods.
- 3. The effective rates of taxation on incomes below \$200,000 per annum should be

raised to the present levels of the British income tax.

4. Personal exemptions should be reduced to \$750 for unattached individuals and to \$1,500 for heads of families with an allowance of \$250 for each dependent child.

5. Interest on government bonds, governmental salary and wage payments, and the rental value of homes owned by their occupiers should be included in taxable income on the same basis as other income, and the Federal Constitution should be amended to permit this change. By Clarence Heer. The Annals of the American Academy of Political and Social Science, January, 1936, p. 78:8.

Insurance*

Appraisal Clause in the Fire Policy

In many jurisdictions the courts have held that the insurer is entitled to an appraisal, not only of the property partially damaged, but as well of the property totally destroyed, and contend that the rule in New York to the contrary is not well founded, since the insured can only recover his actual loss.

It was pointed out by a court that the appraisal provision in the standard policy, referred to lost or damaged property and there should be no distinction in respect to property totally or partially destroyed.

The writer of the article points out that owing to the attitude of certain courts, a cautious insured will not risk a recovery on the merits by refusing an appraisal where there is a slightest doubt that there has not been a complete destruction of the property insured. New York Journal of Commerce, November 19, 1935, Insurance Section.

Principal Contractor Liable to Employee of Sub-Contractor

An employee of a sub-contractor may recover compensation from the principal contractor under a Workmen's Compensation Act, according to the Supreme Court of Tennessee in Maxwell vs. Beck, 87 South Western (2d) 564.

The court stated that the Act provided that a principal or intermediate contractor, or sub-contractor, should be liable for compensation to any employee injured while in the employ of any of his sub-contractors and engaged upon the subject matter of the contract to the same extent as the immediate employer. The court argued that to limit the liability created by statute to cases where the immediate employer was liable under the Act, would place it within the power of the principal contractor to evade the Act. Weekly Underwriter, January 11, 1936, p. 132:1.

New "Airsurance" Group Coverage

Six of the large casualty companies in the United States have formed the United States Aviation Underwriters, Inc., and commencing January 1, 1936, they will furnish employers' voluntary contractual liability insurance, covering five or more persons designated by the employer. The amount permissible is \$10,000 for each person and the rate is \$1 per \$1,000 per year. This is life and accident insurance. Spectator, January 2, 1936, p. 7:1.

Public Health Insurance

The Roosevelt social security program leaves out one kind of social insurance—health. This is not because the illness risk is not a social one. There is universal agreement in this country that it is. But public responsibility has been devoted to the prevention of illness, and health insurance, as we shall see, is primarily not a preventive but a compensating device.

Public health insurance is a plan for

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^{*} Insurance abstracts are contributed by P. D. BETTERLEY, Assistant Treasurer, Graton & Knight Company.

group payment of losses from bad health and non-industrial accidents. Summarized, its function is to provide cash for time lost through disability, and medical benefits on a broader scale, and a cheaper cost.

There is no actuarial problem, at least none in any way comparable to that of unemployment insurance or even old age annuities. There is no reserve problem. The funds collected in any year would be expended during the period of collection, and they would be automatically self-liquidating. The illness risk is ideally suited for insurance because of one key-fact: it is not the average medical bill that staggers the average person but the risk of one that is catastrophically big.

The possibilities of a nationwide plan of health insurance are remarkable. *Journal of American Insurance*, November, 1935, p. 11:8.

Editor's Note.—The reader may be interested in reviewing another article by the same author which appeared in the June issue of the Journal of American Insurance, p. 9:6, on "Social Insurance."

OFFICE MANAGEMENT

What Chief Executives Expect of the Office Manager

In determining what chief executives expect of the office manager in the Jewel Tea Company, questions were submitted to the four major executives of the company. The author records the individual answers and gives some general conclusions.

Responsibility pertaining to physical equipment, control of expense, and supervision of all office service units, such as filing, computing, typing, and mailingin general smooth and noiseless operation of the office-was mentioned as necessary by the executives. More emphasis, however, was laid on the ability of the office manager to supply capable persons to fill personnel vacancies, and to establish good personnel relations throughout the office. The office manager seemed to be regarded as the personal contact between the company and the office employee. By V. T. Norton. N. O. M. A. Forum, December, 1935, p. 5:4.

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Their Pens Betray Them

Dishonest employees cannot be singled out by their facial features, but in the opinion of this English graphologist, their signatures are a dead give-away. In comparing the signatures of the "occasional," the "habitual," and the "hardened" criminal, a feature common to them all, he says, is

the irregularity of the alignment, but the difference in the spacing of the letters and the pen pressure is very marked. Some of the major danger signals in signatures are: bad alignment; dwindling letter in the middle of words; very heavy pen pressure with blunt capitals; bludgeon shaped bars to the "t"; heavy "t" bar struck up in some places and in others at a downward angle; the "t" bar heavy at its commencement and then tapering off to a point; certain odd formation of capital letters. The author suggests pre-employment inspection of signatures. By Blanche Holmes. Bankers Monthly, January, 1936, p. 30:5.

Pre-Employment Physical Examinations Management's Point of View

The assistant general manager in charge of personnel describes specifically and generally the benefits to Macy's and Macy's employees of pre-employment physical examinations.

He summarizes with eight advantages accruing to management from the medical work: 1. The prevention of unjustifiable claims for compensation in cases in which conditions existed prior to employment. 2. Reduced employment, training and production expenses through the selection of applicants physically fitted for their work. 3. Prevention of prolonged disability or illness due to prompt medical attention. 4.

Deduction in the absence rate, due to the above measures. 5. Reduction in expensive labor turnover, due to adequate medical program. 6. Protection of fellow workers and customers against infectious diseases. 7. A general increase in morale, due to proper adapting of the individual to work which he can capably perform. 8. Greater success on the job, due to the security resulting from proper placement. By Ernest B. Lawton. Industrial Medicine, October, 1935, p. 547:3.

Controlling the Cost of Doing Business

Stating that general expense costs often mean the difference between profit and loss, the Secretary and Treasurer, Fireman's Fund Group, San Francisco, California, tells of office layout economies his Group effected. Mr. Mills states that through such study and adjustment, as outlined in this article, his Group has been able to keep the operating ratios in their proper place. By Edward V. Mills. Executives Service Bulletin, Metropolitan Life Insurance Company, December, 1935, p. 7:2.

Problems of a Woman Supervisor

A woman supervisor at the Standard Telephones & Cables, Ltd., England, discusses some of the problems of her position. It is, she says, well to train girls and young boys employed between the ages of 14 to 16 to enter the factory or take some clerical post, as their lack of education only exceptionally would allow them to take better positions.

She believes in staffing with attractive go-ahead young women even though it means the rate of turnover will be high, and adds that fresh blood is often advantageous. "Stand-still" types will nevertheless creep into the organization and these should be pensioned early—between the ages of 40 and 50, as clerical work ages a woman quickly. She speaks of "regular temporary" work as useful for giving employment to women between 30 and 40.

Besides tests in the work to be done she believes employees should pass "temperament" tests, and that the employee with a high odd-day absence record should be eliminated—"The 'odd-day bilious attack' is no more popular than absence because of that 'out-of-sorts' feeling."

The supervisor should also see that trainees receive enough time at different repetitive jobs to give the force elasticity. She should take care of salary changes, and "the paramount function of the woman supervisor—the final great justification of her existence, if one is needed—is to deal with the personal problems of the female staff." By Miss D. Tomlinson. Labour Management, January, 1936, p. 4:4.

The Depreciation of Assets

In sound business accounting, care should be taken to separate the idea of depreciation from that of fluctuation. Depreciation applies to assets which, by their very nature, are wasting. A sound policy for any company is to set aside money for the replacement of assets. When this is done there appears a debit to the fund and a credit to current bank account. By David W. M. Jenkins. Office Management, December, 1935, p. 7:3.

Interviews and Tests in Employment Procedure

After a short discussion of the development of tests the author, personnel director, Household Finance Corporation, says that tests must be a part of the philosophy of management, not the idea of one lone official or department; if tests are used there must be a selection problem, a labor turnover problem, more applicants than jobs available, enough employees doing the same type of work to insure a sizeable group for study, and some criterion of success on the job that will stand up under management criticism and actual operating results over a period of time.

The first step which he mentions in scientific selection procedure is job analysis; it is necessary to dovetail the man and the job. The following selection instruments, now available and in use are discussed:

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the interview, and its recent development, the standardized interview, trade tests and ability tests, mental ability or intelligence tests, personality tests, tests based on physical characteristics (which the author says are based on unsound logic) and, finally, the application blank. The selection of any of these instruments depends upon the job. Records should be kept, he emphasizes, to check the value of the method used.

The detailed experience of the Household Finance Corporation is set forth. By E. F. Wonderlic. N. O. M. A. Forum, December, 1935, p. 9:5.

PRODUCTION MANAGEMENT

General: Promotion, Organization, Policy, Development

The Doctor's Point of View. 1. One-Day Absenteeism

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The author, who is medical officer of a factory in England employing between 2,000 and 3,000 girl workers, discusses the prevalence of one-day absenteeism, and deplores the policy by which workers who are late are shut out for the day, since this naturally exposes them to a strong temptation to manufacture symptoms and thus obtain a medical certificate to excuse their absence. A tolerant attitude toward oneday absenteeism is desirable, as a timely day-off will often prevent a longer illness, besides avoiding the spread of infection through the workrooms. By T. O. Garland. The Human Factor, January, 1936, p. 23:6.

The Pay-as-You-Produce Wage Plan

Outline of a method for basing profits on increased productivity of workers and for keeping the aggregate payroll in definite proportion to the value added by manufacture so that wages, salaries and dividends will each receive a due share. By Allen W. Rucker, Eddy-Rucker-Nickels Co. 1934. 28 pages.

Scientific Factory Management

The technique of getting new methods accepted and used can be just as definite as a method of time study, this writer says, and each step of an installation can be planned in advance with reasonable allowances for unexpected support or opposition. He believes it is better to begin at the bot-

tom when installing methods of management. For example, in planning, it is not wise to begin with general programs for the plant and move down to the schedules for the individual shops, because that method becomes too theoretical and does not win the support and understanding of the shop foreman. It brings more lasting results to begin improvements on planning methods in the shops themselves, starting with the foremen and helping them plan the work to be done on their machines the following day. A few well-qualified men are trained to do the planning, and are placed where they learn accurately the capacities of the machines for various materials or products, the capabilities of workmen, and see at first hand the difficulties which face the foremen. By Wallace Clark. Industry Illustrated, December, 1935, p. 30:3.

How One Company Met the Price Challenge

In 1933 the problem of Tea Garden Products Company, San Francisco, was to search for ways to cut costs without reducing quality. The first step was to cut down the number of items from 200 to 80. Items having a limited general demand such as yellow tomato preserves and "Melba" fruits were discontinued. This first step cut production costs, speeded up turnover and reduced inventories. Then a thoroughgoing repackaging policy was instituted. Smaller sized units were added which met the trend which the apartment house and

small family created and the depression strengthened. Distribution policies were then revised. The changes adopted involved a strengthening of ties with wholesalers on the Pacific Coast, where the company's distribution is most intensive, and a widening of outlets through direct-sales effort in eastern markets, where distribution had been more scattered. The company also appointed an advertising agency to give the benefit of its counsel at every step of the process of recasting the Tea Garden policies. A gain of nearly 100 per cent within the last two years in sales of its fruit line alone, proves how successful these plans have been. By Douglas G. McPhee. American Business, January, 1936, p. 14:4.

Modern Purchasing Management

The assistant purchasing agent, Dairymen's League Cooperative Association, Inc., enumerates these advantages of purchasing which is centralized under the authority of a purchasnig agent: 1. fixation of responsibility; 2. determination of commodity standards, including development of specifications; 3. grouping of common purchases for all using departments; 4. better control of price structures; 5. purchasing of materials when prices are most favorable and entering markets when most desirable, and 6. establishment of good will.

He analyzes the purchasing procedure in these steps: 1. ascertaining the need for purchase; 2. quality determination; 3. the request for purchase; 4. selection of vendors; 5. locating sources of supply; 6. the request for quotations; 7. analysis of proposals; 8. placing and follow-up of the order; 9. checking of invoices, and 10. receipt and inspection of goods. By H. K. LaRowe. Executives Service Bulletin, Metropolitan Life Insurance Company, January, 1936, p. 1:3.

These Workers Run Their Own Businesses

With the object of bringing each employee to the place where, in his own interest, he would have the same incentive as the owners of the plant, the Esterline-Angus Company of Indianapolis, devised a plan whereby productive manufacturing employees were divided into small groups, all men working on the same manufacturing orders comprising a group. The man who in most plants would be a foreman is a working leader of his group. Each is in effect a small contracting organization which receives the orders for furnishing the labor on the different shop orders executed by the group.

The group accepts each order on a cost plus basis. Cost is the actual wages applied on the job. The profit of the group is 40 per cent of the difference between this labor cost and what the cost would probably have been on a straight wage basis. The profits of each group are computed and paid once a month. Out of its 60 per cent share the company pays the cost of accounting and provides the last word in equipment, which of course results in increased employee and company profits. By J. W. Esterline. Factory Management and Maintenance, January, 1936, p. 21:5.

Industrial Economics: Labor and Capital, Legislation, Wage Theory, Immigration

Types of Employer-Employee Dealing More than three-fourths of the 14,725 establishments included in a recent study by the Bureau of Labor Statistics dealt with their employees on an individual basis only. About one-fifth dealt with some or all of their employees through trade unions alone, less than 4 per cent

dealt with their employees through company unions, and less than 1 per cent dealt with their employees through both trade unions and company unions. Of the total number of workers 43 per cent were in establishments dealing individually with their employees, 30 per cent in establishments in which employer-employee rela trad thes deal esta lish unic by view

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ploy with relationships were carried on through trade unions (but about 13 per cent of these workers were not covered by such dealings), 20 per cent in company-union establishments, and 7 per cent in establishments dealing through both trade unions and company unions. Prepared by J. J. Senturia. Monthly Labor Review, December, 1935, p. 1441:26.

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How Many Unemployed Could "Industry" Absorb?

After giving a discussion of the subject with unemployment figures, the author concludes that "even on the unjustified assumption that no part of the unemployment estimated for November, 1935, was due to the usual seasonal influences, manufacturing industry would at the maximum be unable to absorb more than one-third of the present number of unemployed workers, if normal conditions were restored. Other fields of economic activity must absorb the larger portion of the idle workers if unemployment is to be wiped out.

"Finally, it is clear that the number now employed in manufacturing has approximately the same relation to production as was the case in 1929." Conference Board Bulletin, National Industrial Conference Board, January 10, 1936, p. 7:2.

Pulmonary Asbestosis

The hazard of pulmonary asbestosis has grown during recent years with the increase in the number of products manufactured from asbestos. Even with the most effective types of suction apparatus it has been found impossible to remove all dust in asbestos mills and many cases of asbestosis have been reported. General statistics of the incidence of the disease are lacking, but among 86 workers in the south who had been employed in asbestos mills from 4 to 20 years, 51 definite cases were revealed by X-ray films-a percentage of 59.3. On the other hand, many employees work in asbestos mills for years without showing any evidence of asbestosis,

which it is considered may indicate there is individual susceptibility to the disease. A paper read by Dr. J. Donnelly before the American Public Health Association. Monthly Labor Review, December, 1935, p. 1524:4.

Developing a Workable Representation Plan

After 13 years of an employee representation plan which settled grievances, but merely discussed major policies of wages, etc., Section 7a of the NIRA and general dissatisfaction with the existing arrangement ushered a new and workable system of representation into the Kimberly-Clark Corporation.

The author discusses the defects of the old plan and three requirements of a workable plan which were embodied in the 1933 agreement. These are: 1. The purpose clause of the plan must really say something. 2. The plan must provide for the settlement of major issues. 3. The plan must guarantee to the employees a genuine organization of their own—complete, secure, closely-knit, self-governing, and self-respecting.

In conclusion, Mr. Eubank considers one point in the philosophy of employee representation, and one phase of the problem of supervision. The philosophical point is this: Management must distinguish between collective bargaining and collective dealing, must understand the nature and necessity of each, and must prepare for both.

The point on supervision is this: Step by step with the development of employee representation, we must build up our front line supervisors, and dignify their position. By C. G. Eubank. *Personnel Journal*, December, 1935, p. 198:8.

Salaries and Working Conditions in Police Departments, 1934

Average annual earnings of police-department employees ranged from \$1,293 to \$3,107 in 1934, according to a survey re-

cently completed by the Bureau of Labor Statistics. The annual salary of patrol-men—the occupational group which comprised three-fourths of the employees covered—averaged \$2,175. The average number of hours on duty per day for police-department employees during the year was between eight and nine in most of the important cities. Monthly Labor Review, October, 1935, p. 857:8.

Self-Help Among the Unemployed in California

A membership of more thar 11,000 persons at the end of 1934 was reported by 176 cooperative self-help groups in California which had received Federal grants. The groups which had been given no Federal assistance had a membership of almost two-thirds the above figure. The grants made to California groups aggregated \$411,700 and were used for various productive purposes, including farming, gardening, manufacture, repair of clothing, and household supplies. In the peak month (November, 1934) goods valued at \$98,000 were produced. The main problems have been difficulty in securing good

leadership and working efficiency, and in obtaining cash markets. *Monthly Labor Review*, December, 1935, p. 1504:6.

Child Labor Under the N. R. A. as Shown by Employment Certificates Issued in 1934

Employment of children under 16 in industry and trade practically disappeared in 1934, as a result of the child-labor regulations of the NRA codes, notwithstanding a rise in general factory employment. This is indicated by the decrease in employment certificates issued to children under 16 years of age in that year. Now, because of the Supreme Court decision in the Schechter case, there is no longer a national minimum standard for child labor. The laws of 41 states still permit children to enter gainful employment at ages which were prohibited under the codes. These and other points are brought out in a study, made by the United States Children's Bureau, of children receiving their first employment certificates permitting them to leave school for work. By Ella Arvilla Merritt. Monthly Labor Review, December, 1935, p. 1477:15.

Shop Methods: Industrial Engineering, Standardization, Waste, Rate Setting, Time and Motion Study

Buildings Always in Shape

Keeping everlastingly at it is the secret of one plant's success in its maintenance program, according to this article. Continuous inspection, centralized responsibility, minimum of red tape and much attention given to little things are some of the factors that must be present to do a real job in this line, the company discovered. Budgeted maintenance keeps costs in line. No item is too small to be included in the maintenance program. A daily report is filed by each watchman in which are noted any parts of the plant that are out of order. A leak, a broken window, or even a broken window chain will be mentioned. Cleanliness is also regarded as

an important objective. The daily sweeping of all floors is supplemented by scrubbing once a month, and many other routines toward cleanliness are followed. By E. L. Tanner. Factory Management and Maintenance, January, 1936, p. 33:4.

Scientific Costing and Complete Production Control

Scientific costing is the most accurate method of efficient production control. It entails up-to-date departmental records of consumption, production, and costs, it provides forecasts for these and other factors in controlling a business, and it automatically relates all these factors in their proper order to regular trading accounts and balance sheets.

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The Command Associated Small to boo study public business he po

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The ex-president of Huddersfield Woollen and Worsted Federation, and Fellow of the Textile Institute, Great Britain, who writes this paper, describes a system which divides all the items of expenditure of whatever nature under five headings, Materials, Productive Wages, General Expenses, or "Overheads," Costs which vary with Weight, Costs which vary with Value; the control of each item under these headings is arranged for in detail. Profit is dealt with separately.

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The basic unit of the system is the actual output of a loom, shown by an "efficiency figure," which represents, in percentage form, the actual picks per week woven as compared with possible picks if the loom were kept continuously going. This "efficiency" figure is the only estimate in the costing; all the other figures are actual ones obtained from departmental and other records. By D. R. H. Williams. From the Proceedings of the International Congress for Scientific Management, Manufacturing Section, London, 1935, p. 31:7.

Who's Dirty Now?

As a means of impressing upon workers that a clean, orderly factory is the responsibility of every individual, regardless of his duties, the Mechanical Rubber Goods Division of the B. F. Goodrich Company, instituted a plan by which awards are made for the cleanest and dirtiest departments in the plant. The foremen of the various departments are made directly responsible.

An award for the best department was not nearly so effective as the award for the worst. On a large and conspicuous chart labeled, "Dirtiest and most disorderly department in the mechanical division," are kept the records of the foremen of the various departments. Dirt is publicized, and thus minimized. By Joseph Hanan. Factory Management and Maintenance, January, 1936, p. 28.

Suggestions for Your Guidance in Looking for "Hazards"

There are a number of physical hazards that may be found in nearly every plant. A committee should be appointed to make regular inspections for these hazards. Some of the more common and dangerous are: bad, littered or slippery underfooting; nails protruding from floors; tools on floor; shoes with worn-out soles; protruding objects of all kinds from walls, posts, machines or trucks; loose or broken glass in windows or on floors; sharp, protruding corners where passageways meet; improper piling or overloading of merchandise either on floors, platforms, shelves or trucks; loose articles on walls; tools left on ladders or platforms; loose window frames, signs or awnings.

Other bad conditions that lead to burns, suffocation, injuries from machinery, etc., should be watched for and promptly eliminated. By Industrial Accident Prevention Association. Manufacturing and Industrial Engineering, December, 1935, p. 7:1.

Training and Education: Schools, Libraries, Employee Publications

Can Small Industries Train?

The chairman of the Apprenticeship Committee of the Tri-City Manufacturers' Association tells how small industries in small villages can give apprentice training to boys enrolled in correspondence courses, studying under almost any instructor in a public school for four hours a week. When business gets back to 60 per cent of normal, he points out, industry is going to feel the lack of trained workers, and the larger

industries cannot supply the majority of mechanics required—they will have to come from small industries.

Enough of the fundamental principles and practices of a trade, he says, can be taught in a specialty shop to stand the learner in good hand in any shop, if the apprentice is really given a chance to learn.

". . . the small shop must do its share

of apprentice training . . . You can develop machinists and moulders in three

years . . . We have done it." By John H. Ploehn. Trained Men, Autumn, 1935, p. 107:3.

Methods of Selection, Education, and Training of Personnel Suitable for High Administrative Positions

The director of research and education, Metropolitan-Vickers Electrical Co., Ltd., expresses the 'ew that personal qualities are the first essentials to success in the highest administrative positions, but that these must be supplemented by appropriate training and experience. At present, provision is seldom made in industrial concerns to insure continuity of good management beyond a single generation. problem of selecting and training administrative personnel may be dealt with in two stages, first by providing a reservoir of a suitably selected and trained staff for the minor positions, and then from this body making the further selections of those possessing the requisite personal qualities.

The personnel so selected should then be afforded opportunities for acquiring wider administrative experience. The various sources of recruitment are indicated, and also the training necessary for the entrants from the various educational levels. The difference in the problem as it concerns the "producer" and the "consumer" goods types of industry is shown. Examples are given of the methods of selection and training adopted by both types. The question of wastage is considered, and the national importance of more adequate attention to the problem of maintaining first-class management emphasized. P. M. Fleming. From the Proceedings of the International Congress for Scientific Management, Educational and Training Section, London, 1935, p. 7:5.

Vocational Guidance in Rehabilitation Service Revised 1935

This is a manual of procedure for counseling and advising physically handicapped persons and assisting them in adjusting or readjusting themselves to vocational life. It states that it has been found that the rehabilitation of an individual case involves six fundamental elements: 1. A survey of the case; 2. The selection of a job objective; 3. Preparation for the job selected; 4. Supervision during the entire period of rehabilitation; 5. Placement in employment; 6. Follow-up in employment until the facts of vocational rehabilitation and reasonable permanency of employment are assured.

"While in rehabilitation work on stereotyped procedure can or should be followed, there can be developed a systematic method of gathering and interpreting information concerning both the disabled person and his prospective job in order that the right man and the right job may be brought together. An attempt has been made in this bulletin to show how such systematic procedure can be developed and how a scientific method in vocational rehabilitation can be followed." Vocational Rehabilitation Series No. 20, United States Government Printing Office, 1935. 56 pages.

Standards of Four-Year Foundry Apprenticeship

A program for four-year apprenticeship based on experience in foundries which have apprentice training plans, and designed to meet the needs of various types of shops is put forward as a basis upon which individual plans may be established. Published jointly by American Foundrymen's Association and National Founders Association, April, 1935. 16 pages.

The Task and Aims of Economic Linguistics

The English resumé of this speech states the problem, in teaching languages in commercial schools, of the emphasis which should be placed on technical linguistics. After giving various versions of how much literature, grammar, etc., should be taught, the author concludes: The teacher must balance literature and technical language, lopping off what is useless and excessive

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and keeping to the correct and most commonly used commercial idioms. A sound literary and general education balanced by good technical and particular knowledge will thus give rise to a practical and efficacious teaching. By Prof. Dott. Guido Bergamini. Proceedings of the VIth International Congress on Commercial Education, Prague, September 1-6, 1935. Czechoslovak Group of the International Society for Business Education, 1935.

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Editor's Note: Some of the other subjects discussed at the meeting were: Teaching of Commercial Subjects in Non-commercial Schools; Teaching of Commercial Subjects from the Standpoint of the Methods of Active Schools (Artbeitsschule); Necessity of Applied Psychology in Commercial Schools with Respect to Actual Business; Special Courses for Teachers of Commercial Schools; The Use of Radio, Gramaphone, Films, etc., for Teaching Purposes in Commercial High Schools, Lower Grade Schools, and Commercial Universities; Courts of Arbitration in Business Methods; Occupations Which Should Be Reserved for the Graduates of Commercial Schools.

MARKETING MANAGEMENT

The Sales Contact That Taught Me Most

In this article the Director of Advertising of The McCall Company tells of the experience which proved to him the value of a direct approach to a prospect. He says that the best way to sell is to immediately and definitely tell the prospect precisely what you want and why that want is good for him. He states further that the effectiveness of advertising copy proves that direct appeal is more powerful than any indirect approach. In magazine editorial matter the headline and the illustrations should both tell the reader exactly what the article is about. Each time that the heading or the subheading is a wise crack or when the illustrations are vague, the reading of the story or article falls off. By John C. Sterling. The Red Barrel, October 15, 1935, p. 13:1.

Modern Trends in the Distribution of Steel

The great trend toward the use of steel for actual consumption by the general public, instead of for productive uses by industry, is altering completely our outlook toward the merchandising of steel, according to the Vice-President in Charge of Sales of the Republic Steel Corporation, Youngstown, Ohio. A few of the items

using steel, such as ash trays, knives, plates and forks, household furniture, sewing machines, radios, etc., contribute to the comfort and convenience of mankind in the home. By N. J. Clarke. *Industrial Marketing*, January, 1936, p. 13:3.

Some Impending Changes in Consumers' Demands

As the individual's income increases the percentage of money which he spends on things other than necessities also increases. Since in this type of consuming there is much fluctuation and shifting due to changes in fashion and income, as prosperity returns it will become increasingly difficult to gage consumption and guide production. "An economy that caters to so large a proportion of undependable consumption is founded on dangerous quick-sands."

In order to remedy this situation it is necessary for business management to acquire flexibility in adaptation to changing circumstances and foresight of the probable lines of expansion of consumption. The author closes the article with the following forecasts of consumer demand for the latter half of the 1940's, when average family spending power should be about 25 per cent above the 1929 level: current spendings for housing (mainly rentals and

upkeep), for household services (both commercial and domestic), for recreation and for personal appearance (both commodities and services) will all be at least 60 per cent higher than they were in 1929—these are the largest prospective gains; spendings for fuel, light and household supplies and for women's clothing will be 45 per cent to 50 per cent higher than in 1929; spendings for home furnishings, for tobacco and for sickness and death services (physicians, dentists, nurses, hospitals, funerals, etc.) will be 35 per cent to 40 per cent higher; spendings for men's clothing and for automobiles and their upkeep will be 30 per cent to 35 per cent higher; spendings for food and for social-cultural activities (clubs, churches, reading matters, etc.) will be about 25 per cent higher; savings by individuals will be perhaps 25 per cent to 30 per cent higher than they were at their peak, which was not in 1929 but in 1925. By William H. Lough. The American Marketing Journal, January, 1935, p. 12:4.

What's Ahead for Wholesalers?

The wholesale industry exists to serve the independent merchant, says the President of Butler Brothers, in this article. In order that the independent merchant may be able to survive at a profit, he must turn the wholesaling function over to someone else, so he may be able to buy each item in a modest quantity, make his investment cover many items, and rely upon a fast-turning stock to give him volume. By F. S. Cunningham. American Business, January, 1936, p. 40:1.

A Plan for Securing Sound Distribution

In this, the first of a series of articles on distribution, the manager of industrial distribution, Westinghouse Electric & Manufacturing Company, East Pittsburgh, Pa., talks from experience which he has gained working with distributors in the field, and gives seven definite suggestions for securing better sub-channel distribution. He also recommends four sales tools which

should be used in selecting desirable connections and which are illustrated here. Figure 1 shows a partial study of the industrial electrical market of Rochester. N. Y., and indicates that approximately 50 per cent of the industrials having one hundred connected horsepower and over buy from manufacturers. The others buy from distributors. Figures 2 and 3 show the sales influence of the mill supply house and one can see that some years ago the majority of the purchases by the larger users were direct from manufacturers, but today the pendulum has swung to a point in many cases where these users purchase the majority of their equipment through mill supply distributors. Figure 4 defines the broad functions of the three most familiar channels of distribution. By J. M. McKibbin, Jr. Industrial Marketing, January, 1936, p. 9:4.

Retail Distribution by Areas: 1933

This special report of the Census of American Business presents the number of stores and their sales in each of 11 kind-of-business classifications for every county in the United States and for every incorporated city and town having a population in 1930 of 2,500 or more. Bureau of the Census, U. S. Department of Commerce. 198 pages.

An Effective Merchandising Program Based on Product Integrity

A good product is the basis of the merchandising program of the Phillips Packing Company, Inc., according to the president. They let everyone know how good a product it is. They base their merchandising on information; in newspapers, trade publications, direct-by-mail bulletins, house organs, on the motion picture screen, through personal sales representation and over the radio, they tell consumers and distributors how the raw materials are planted, cultivated, and harvested; how they are selected, prepared, seasoned, and packed.

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oped to conform to the changing problems of haul differentials and the perplexities of strategic points of distribution, and to meet the customs and buying temperaments of thousands of urban, suburban, and rural communities and their people.

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They endeavor to have every member of the organization completely familiar with every detail of their methods in food making, and the salesmen and distributors informed on every item of company news that they can put to use. They have a house publication that each month goes to upward of 125,000 food distributors; a merchandising and advertising service department; and they answer every letter that comes into the organization, no matter how trivial it seems. By Albanus Phillips. Executives Service Bulletin, January, 1936, p. 5:2.

Salesmen: Selection, Training, Compensation

Salesmen Held as Employees Under Social Act

Are salesmen, insurance agents, stock brokerage salesmen, etc., employees for the purposes of the Social Security Act? The regulations which interpret Title IX (the unemployment compensation tax section) will not be definite guides, it is stated, in more than 50 per cent of the cases where salesmen are involved. The purpose of this is to have employers seek rulings in individual cases which are not clear.

The trend, says the author, is definitely toward inclusion of as wide a range of workers as is possible under the provisions of the Act, which may mean a shift of employer-employee contracts beginning next year so as to make borderline workers non-employees for the purposes of the Act. Printers' Ink, January 2, 1936, p. 47:2.

Idea-First Selling

The Manager of Lighting and Appliance Sales of the Commonwealth Edison Company tells in this article how group-selling methods can be developed which will put the prospect in a "buying" frame of mind before the salesman calls. His entire technique of selling is to demonstrate first, and ask for the order later. By Oliver R. Hogue. American Business and System, November, 1935, p. 11:3.

20 Ways to Make a Sales Meeting Lively

The general sales manager of the American Type Founders Sales Corporation describes methods of keeping conventions and

sales meetings interesting. He claims that a big improvement was noted since the recess plan was inaugurated. Now no meeting continues for more than an hour without a brief recess. Another successful idea is to devote an entire day to talks on a particular subject rather than to switch from one subject to another. The selection of the hotel and the room where meetings are to be held is also important. By H. W. Alexander. American Business and System, November, 1935, p. 20:5.

Effecive Distribution Through Manufacturers' Agents

The manufacturer's agent is an effective and profitable sales tool in the marketing of industrial products, and if properly selected, directed, and cooperated with, will establish the line on a sound basis in territories where other methods of representation would be less effective and much more costly. Eight points to be observed in setting up and operating this type of distribution are outlined in this article. By Walter Amory Allen. Industrial Marketing, November, 1935, p. 9:4.

10 Pointers on Training Salesmen for Equipment Selling

The Assistant Sales Manager, Industrial Division, Westinghouse Electric & Manufacturing Company, states that a well-rounded plan of sales training should include and be directed along the following lines: the salesman must know the product he is selling; he must be trained in recognizing the existing and potential mar-

ket for the territory assigned to him; he should know the history of the organization of which he is a part and he should have a knowledge of the company routine. Mr. Lester then lists ten definite fundamentals that help a salesman in his training. By Bernard Lester. Industrial Marketing, December, 1935, p. 15:4.

Knowledge and Service—Keystones of Salesmanship

The general sales manager of Esso Marketers points out that successful salesmanship cannot come without thorough knowledge of selling fundamentals. "Salesmanship," he says, "after all is a fundamental of all walks of business, of all types of work. If a job, whatever its nature, is tackled as a sales proposition-developing personality, understanding of human nature, easy approach and manner-it is preparation for whatever one may have to wrestle with later on. . . . The successful salesman is not the one who merely knows what all the other salesmen know; he is the one who acquires special knowledge, who comes to know what the others don't know." By R. T. Haslam. The Red Barrel, August 15, 1935, p. 9:4.

The "Flatfoot" Salesman Gets in Step

The President of the National Confectioners Association states that during the past few years a buyers' market, stimulated by the "sales-at-any-price" school of thought, developed and so changed selling conditions that many one-time aggressive salesmen utterly lost confidence in their line, their house and themselves. They be-

came convinced that nothing but price would produce business and this very fact destroyed the sales ability that they once possessed.

He feels that it has now again become evident that the only way to do business over the long pull is to sell value and get away from the price-only attitude. The salesman, not the order-taker, is the foundation of merchandising and it is now up to the house to restore the lost confidence and sales ability of its representatives by again insisting that merchandise be sold on its merits and superiority. By W. E. Brock. The Red Barrel, September 15, 1935, p. 12:2.

Ten Minute Calls

This company's salesmen were handling six distinct lines of a luxury type going to ten different classes of outlets, covering the United States. Various territories were analyzed for unprofitable accounts. It was decided to put into effect a "ten minute call" system on those accounts or prospects of limited buying capacity.

Paper figures as to the profitability of accounts are not always to be believed. It is recognized by everyone, says the author, that there are a great many unprofitable calls and unprofitable accounts, but before coming to a definite conclusion it is well to look at the practical aspects of the problem, to discuss them with the salesman and to do some field work. The good salesman knows his time is money. He has powers of discrimination and a sense of value. By L. E. Barnes. *Printers' Ink*, August 29, 1935, p. 7:3.

Books Received

Corporate Reorganization Act. By Max Isaac. American Bankruptcy Review, Inc., New York, 1936.

Depressions and their Solutions. By C. M. Garland. The Guildford Press, Chicago, 1935. 187 pages.

Unsolved Problems of Science. By A. W. Haslett. The Macmillan Company, New York, 1935. 317 pages. \$2.00.

Take It Easy. By Walter B. Pitkin. Simon and Schuster, New York, 1935. 244 pages. \$1.75.

Saving Money in Federal Estate Taxes. Compiled by Arthur H. Doyle. The Offsply Company, Boston, 1935.

The Public Utility Question. By Henry George Hendricks. Published by author. 1935. 148 pages. \$2.00.

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By ert Ne What Famous Men Have Said. (Pamphlet.) The State Law Reporting Company, New York, 1935. 32 pages. 50 cents.

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- American Trade Prospects in the Orient. Report of the American Economic Mission to the Far East. National Foreign Trade Council, New York, 1935. 69 pages.
- Strange Stories Behind Pension Claims. By William H. Stovall. Dorrance & Company, Inc., Philadelphia, 1935. 184 pages. \$1.50.
- Protection of Women and Children in Soviet Russia. By Alice Withrow Field. E. P. Dutton and Company, New York, 1932. 241 pages. \$3.00.
- Advertising Allowances. By Leverett S. Lyon. Brookings Institution, Washington, D. C., 1932. 125 pages. \$1.00.
- Further Contributions to the Prestige Value of Public Employment. By Leonard D. White. The University of Chicago Press, Chicago, 1932. 88 pages. \$1.50.
- Sweeping the Cobwebs. By Lillien J. Martin and Clare de Gruchy. Macmillan Company, New York, 1933. 181 pages. \$1.50.
- Pathways Back to Prosperity. By Charles Whiting Baker. Funk & Wagnalls, New York, 1932. 351 pages. \$2.50.
- Factory Reorganisation. By Thos. W. Fazakerley. Gee & Co., Limited, London, 1933. 96 pages. 6/-.
- Industry and Society. By Arthur James Todd. Henry Holt and Company, New York, 1933. 626 pages. \$3.00.
- Soviet Economic Policy in the East. By Violet Conolly. Oxford University Press, London, 1933. 168 pages. \$2.25.
- Study Problems in Business Statistics.
 By Martin Allen Brumbaugh and Robert Riegel. American Book Company,
 New York, 1935. 134 pages. \$1.00.

- A Planned Society. By George Soule. The Macmillan Company, New York, 1935. 295 pages. 90 cents.
- Soviet Union and World-Problems. Samuel N. Harper, Editor. The University of Chicago Press, Chicago, 1935. 254 pages. \$3.00.
- Marketing Agreements under the AAA.

 By Edwin G. Nourse. The Brookings
 Institution, Washington, D. C., 1935.

 446 pages. \$2.50.
- Our President Franklin Delano Roosevelt: A Biography. Anonymous. Walters & Mahon, New York, 1933. 59 pages. 50 cents.
- Social Economic Planning in the Union of Soviet Socialist Republics. Report of delegation from the U. S. S. R. to the World Social Economic Congress, 1931. International Industrial Relations Association, The Hague, 1931.
- American Foreign Trade in 1933: Official Report of the Twentieth National Foreign Trade Convention. National Foreign Trade Council, New York, 1934. 614 pages. \$1.00.
- Sales Taxes: General and Retail. Compiled by Daniel Bloomfield. H. W. Wilson Company, New York, 1934. 241 pages. 90 cents.
- Simplified Mathematics for Accountants and Executives. By Harris D. Grant. McGraw-Hill Book Company, New York, 1934 (second edition). 434 pages. \$4.00.
- Safeguarding Industry Against the Pilfering of Ideas. By Henry Creange. George Grady Press, New York, 1934. 67 pages. \$1.50.
- America Goes Socialistic. By Henry Savage, Jr. Dorrance & Company, Philadelphia, 1934. 146 pages. \$1.75.
- Labor Problems in American Industry. By Carroll R. Daugherty. Houghton Mifflin Company, New York, 1933. 959 pages. \$3.50.

Psychology in Business and Industry. By John G. Jenkins. John Wiley & Sons, Inc., New York, 1935. 388 pages. \$2.50.

Administocracy: The Recovery Laws and Their Enforcement. By Guy S. Claire. The Macmillan Company, New York, 1934. 118 pages. 75 cents.

Credit and Collection Principles and Practice. By Albert F. Chapin. Mc-Graw-Hill Book Company, New York, 1935. 630 pages. \$4.00. Government by Merit. By Lucius Wilmerding, Jr. McGraw-Hill Book Company, Inc., New York, 1935. 294 pages. \$3.00.

Safeguard Productive Capital. By Louis Wallis. Doubleday, Doran and Company, Inc., Garden City, 1935. 96 pages. 75 cents.

Mental Attitude for Underwriting Success. By Mansur B. Oakes. R. & R. Publications, Indianapolis, 1935. 127 pages. \$1.75.

Survey of Books for Executives

Interpretations, 1933-35. By Walter Lippmann. Edited by Allan Nevins. The Macmillan Company, New York, 1936. 399 pages. \$2.50.

This series of interpretations by Mr. Lippmann covers almost three years—from the months before Franklin D. Roosevelt's inauguration to the ending of the Congressional session in August, 1935. During that period he wrote almost five hundred articles on topics of the day. This volume contains nearly 150 articles, abbreviated and carefully selected.

The book begins at a moment when American life was at a low ebb. The banking system was in collapse, and agriculture and industry were chilled through and half paralyzed. Mr. Nevins points out that Mr. Lippmann was one of the first and most insistent in demanding an unprecedented concentration of authority in the President. The creation of this authority and Mr. Roosevelt's vigorous use of it, Mr. Lippmann himself asserts, broke the panic.

In the later chapters of the volume, Mr. Lippmann calls vigorously for a return to normal channels of governmental procedure—on the assumption that since the emergency is over, emergency powers should be ended. It will be noted that Mr. Lippmann now seems to be for the New Deal and now against it, that he is now im-

pressed by the President's leadership, and now disturbed by some of its manifestations. This vacillation is defended by Mr. Nevins on the grounds of balance, and he states that it is an indication that the journalist has no partisan leanings, and holds consistently to a set of basic ideas.

Interview Aids and Trade Questions for Employment Offices. By Lorin Andrew Thompson, Jr., and Associates. Harper & Brothers, New York, 1936. 173 pages. \$2.50.

By means of sets of typical questions to be asked applicants, an effort is made in this volume to give guidance to persons in employment offices who have the task of interviewing and classifying workers as to trades and specific abilities. In dealing with this question the Cincinnati Employment Center developed a number of employment devices or tools. These are regarded as practical aids to permit the interviewer to detect "trade bluffers," and to measure the degree of trade skill possessed by applicants belonging to various occupational groups.

The task of interviewing and classifying thousands of applicants in the Cincinnati area was undertaken by the newly established Cincinnati Employment Center in 1934. The only available material for meet-

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new with event sitate ing this problem so far as workers in the skilled trades are concerned was the Manual of Army Trade Tests. These had been developed some eighteen years before. Changes occurring in trade practice since the World War forced the authors of the present volume to eliminate questions no longer applicable, and to revise the material generally.

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Cincinnati interviewers found the sets of questions exceedingly useful. The questions are being made available in their present form merely as "aids" to interviewers in public and private employment offices. The questions are admittedly not to be used as a "sure-fire" means of measurement. As the authors point out, a man's trade status should be determined not only by his responses to the questions, but also by a judicious interpretation of workhistory data, interview impressions, and a careful check on past experience through employer reference letters.

Enoch Pratt. The Story of a Plain Man. By Richard H. Hart. Enoch Pratt Free Library, Baltimore, 1935. 121 pages.

The life of Enoch Pratt, a unique and ideal figure in American industry, is well summed up in one of the last passages in the volume with the commentary that his life was "like one of his own New England streams, rising forceful and constricted at its source, moving rapidly at first, but widening and deepening near its close, never attaining the grandeur of a Potomac, but clear, useful and comely enough—a turner of wheels and a waterer of meadows that might otherwise have remained barren."

An Introduction to the Study of Prices. By Sir Walter T. Layton and Geoffrey Crowther. The Macmillan Company, New York, 1935. 280 pages. \$4.00.

This volume represents a revision of Sir Walter Layton's former work. Three new chapters have been added, one dealing with the modification of theories which the events of the last twenty years have necestitated, the other two describing the price changes and the monetary developments of the war and post-war periods. Also, some of the other existing chapters have been rewritten, and the charts and statistics have been brought up to the end of 1933.

The first edition of this book appeared in 1912 and was reprinted in 1914. In this new edition it is pointed out that since then the shock of great events has produced price disturbances on an unprecedented scale, which have patently influenced the lives of millions, reduced many to penury and distress, and led to social and political upheavals. Fundamental considerations and the history of important price movements of recent decades are given attention.

My Father's Business: A Practical Study of Business Ethics. By W. Brooke Stabler. University of Pennsylvania Press, Philadelphia, 1935. 183 pages. \$1.50.

Mr. Stabler, in the introduction of this volume, speaks of the little boy who visited the zoo for the first time, and who, after subjecting the beast to a long and careful scrutiny, made that well-known declaration: "There ain't no such animal." When preparing to write this book, Mr. Stabler was greeted with a similar opinion, but he was not surprised for a widespread feeling still persists, he believes, that there is no business ethics.

In his first chapter, after examining the development of ethical practices through the centuries, Mr. Stabler quotes the words which Judge Gary wrote several years ago which read in part ". . . It may be asserted with the fullest confidence that in the period of which I write business has undergone a moral overhaulage without precedent. . . ." Chapter Two discusses the need for deeper motives, surer foundations and a more generous spirit in modern economic society; Chapter Three analyzes the individual's relation to business ethics; and Chapter Four treats of his relations as a member of a business organization. A bibliography is included for additional read-

At one point Mr. Stabler says: "It is perfectly possible to be 'fervent in business, serving the Lord.' If businessmen come to see that, first and foremost, they must serve the community through their business and not regard their business as a means of making money with which they may later serve the community (an all too popular view), then may business become the greatest of adventures, an enterprise requiring the finest devotion. It may sound foolish, crazy, impracticable, to apply an unadulterated Christianity to business. It may even be dangerous. Nevertheless, so to conduct one's business is the greatest wisdom of human and economic conduct."

Length of Life. By Louis I. Dublin and Alfred J. Lotka. The Ronald Press, New York, 1936. 400 pages. \$5.00.

This work is a systematic presentation of the essential facts on the subject of human longevity. The book traces from early times to the present day the prolongation of human life. It analyzes longevity in relation to geography, to the separate causes of death, to occupation, to heredity, and to many other factors. Special attention is given to the part which modern medicine and sanitation have had in adding some twenty years to the life average within relatively recent times. The utility of the life table as a scientific measuring rod is explained and illustrated by examples. It is shown how the life table is applied in studying certain social and economic phenomena closely related to vital statistics and to problems of population growth. The book contains an extended collection of life tables, and a detailed exposition of some selected methods for life table construction.

Social-Economic Security. By Dr. Hans Mayer-Daxlanden. Dorrance & Company, Philadelphia, 1936. 255 pages. \$2.00.

This volume attempts to visualize an effort to obtain economic as well as social security within the frame of the United States Constitution. The author suggests

schemes to bring about an adjustment of economic and social factors, and analyzes the solutions of the problems as to the probability of their constitutionality. He believes that the Constitution is broad enough to allow these adjustments in our economic life. He suggests, as part of a program for combatting unemployment, the creation of an unemployment fund for all employees engaged in interstate com-This fund would fall under the management of the United States Department of Labor. It should provide for a minimum of \$12 a week for single workers, \$16 a week for married men, and \$3 for each child.

The fund would be created by assessments levied by Congress upon employers and employees. The latter would pay 2½ per cent of their weekly wage, the employer being obliged by law to deduct that from the payroll and deliver it for deposit every week to the nearest United States Post Office, which would turn it over to the nearest district office. The employer would pay 2½ per cent of the total weekly payroll as his unemployment fund assessment in the same manner.

The Run for Your Money. By E. Jerome Ellison and Frank W. Brock. Dodge Publishing Company, New York, 1935. 258 pages. \$2.50.

This volume, with an introduction by Edward L. Greene, general manager of the National Better Business Bureau, Inc., attempts to expose racketeering in its many forms: diamonds, clothing, auctions, automobiles, insurance, employment agencies, undertakers, securities, real estate, advertising, lotteries, etc.

"The rackets that are doing the real damage to American purses," the authors declare, "are run by racketeers who have never picked up a gun through any other motive than idle curiosity. They are the shady merchants and salesmen living on the fringe of legitimate trade, finding profit in deception and fraud. It is our purpose to bring sharpers of this category into

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Administration of Public Employment Offices and Unemployment Insurance. Industrial Relations Counselors, New York, 1935. 397 pages. \$3.50.

This volume, coming at the present time, is a welcome addition to the literature on this subject. With the various states adopting unemployment insurance, the success of this vast movement depends now almost wholly on sound administration; much benefit will result from the study of the experience of foreign countries. This book makes an effort to crystallize the opportunity offered to our state and federal governments by compiling this experience of others.

Studies are contained of the work in Canada, France, Sweden and Switzerland. The material has been prepared by experts in the systems covered. The book is the third in a series of studies on the administrative aspect of public employment services and unemployment insurance in several countries. It discusses the administration of public employment offices in Sweden and Canada where national unemployment insurance legislation was not enacted until 1934 and 1935, respectively, and with the administration of employment offices and unemployment insurance in France and Switzerland.

Administrative Proficiency in Business. By Erwin Haskell Schell. McGraw-Hill Book Company, New York, 1936. 292 pages. \$2.50.

An effort is made in this volume at a simple portrayal of the objectives and opportunities which face the business administrator. His early adjustments to enlarged responsibilities are explained, the nature of his inherent activities is described and his route to solution, decision and accomplishment surveyed. The author believes firmly in long administrative terms

for industry and advocates continuity of the industrial enterprise as a preeminent social obligation.

He deplores the five-year administration. The author says: "A telling waste in business is the prevalence in high positions of men whose fitness is such that five years comprise their cycle of complete usefulness. Such men move from organization to organization leaving trails of readjustment in their wake.

"The prime social contribution of the industrial administrator is the continuity of his enterprise. And continuity is indissolubly related to long tenure of administrative service."

America Must Act. By Francis Bowes Sayre. World Peace Foundation, New York, 1936. 80 pages. 75 cents.

The Assistant Secretary of State in this volume discusses the need for exports and imports, the cost of economic self-containment, the trade agreements program, and "the menace of economic nationalism." To those who point out that our export trade constitutes not more than ten per cent of our total production in normal times, and in times of shrunken trade not more than seven per cent, the author replies that that difference of ten or seven per cent can be the difference between profit and loss for many enterprises. Furthermore, he says, the equipment necessary for producing the ten per cent exported is not separate and distinct from that necessary for producing the remaining ninety per cent. It is an intimate part of the total productive equipment of the country, and when exports decline, the effectiveness of the productive machine as a whole is impaired all along the line. The loss of markets for ten per cent of the total production, therefore, means a loss of more than ten per cent of the entire income.

The author is of the opinion that economic nationalism is incompatible with permanent economic stability and world peace. He sees a movement for economic nationalism gaining headway, and says that it has thus far "accentuated our economic difficulties and problems, caused widespread unemployment, generated staggering problems of finance, and gravely intensified international frictions and hostilities."

Propaganda and the News. By Will Irwin. Whittlesey House, McGraw-Hill Book Company, New York, 1936. 325 pages. \$2.75.

This is the story of how news as we know it became what it is today. The author recounts the early struggles of the press, and traces the metamorphosis of journalism from simple beginnings to its present complex and maze-like estate. But as the title indicates the book is principally concerned with the news as it is affected by propaganda. The author cites some of the more important feats of propaganda and the systems for disseminating it, and examines some of the institutions whose very essence and texture is composed of propaganda and who depend upon it almost solely for existence. Methods of distributing propaganda vary from shooting pamphlets in rockets across enemy lines to putting a deprecatory inflection on a single word, the author says, but all are powerful and can gain what seem like impossible ends if properly utilized.

The Regulation of Competition. By Nelson B. Gaskill. Harper & Brothers, New York, 1936. 179 pages. \$2.50

The author of this volume who is a former chairman of the Federal Trade Commission analyzes the reasons for the failure of the Commission and examines the mistakes of the NRA. He points out that the test of the Commission has been long and trying. To it, he says, were attached such high hopes and generous expectations that most observers are puzzled by its unfulfilled promise.

"The common belief is that a change in personnel is all that is needed to vitalize this mechanism. This belief must be detached, and its fallacy exposed. And not only must this be done, but it must be made clear that whatever there is in the Trade Commission history which is consonant with the new rhythm of regulated competition is an excrescence unauthoritatively attached to a statute whose purpose was and is an increased emphasis on a free, because unregulated, competition."

Mr. Gaskill's volume contains a draft of a possible law to illustrate the type of legislation which he believes is required. The real significance of this draft, he says, is in its deliberate purpose to establish a definite Congressional declaration of a public economic policy, to state a positive relation between the economics of capitalism and the mechanics of capitalism by legislative action. "This means," he points out, "the legal recognition of an economic 'north,' by which the productive distributive organization can be intelligently conducted by means of the private-property device, with an improved contribution to the public welfare."

Money. By Edwin Walter Kemmerer. The Macmillan Company, New York, 1935. 406 pages. \$3.50.

This volume explains the fundamental principles of money, and then shows how these principles have been exemplified in certain classical chapters in the world monetary history. Dr. Kemmerer in discussing the historical phases of his subject does not give a comprehensive treatment of each topic but covers a few of the most important phases of monetary history and covers these fully. Among the features of the book are those dealing with the relationship of the psychological factor of confidence to the price level; the different types of monetary standards; the analysis of the fundamental characteristics of gold monometallism and the nature, advantages, and defects of the gold standard. Among the historical "case" studies treated, are the world's adventure into paper money inflation, American bimetallism, and the silver question in the United States down to the World War kinds be soot at visual savel